Looking Back at 75 Years of the British Columbia Farm Industry Review Board (BCFIRB)

Balancing interests in BC agriculture since 1934

1934 - 2009
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Message from the Chair

The regulated marketing system has been in effect in BC since the 1930s, with the majority of marketing schemes created during the 1960s and 1980s. Regulated marketing and supply management, which came about in the early 1970s, have provided growth and economic stability to a large sector of BC agriculture.

When creating the regulated marketing system, the politicians of the day recognized the enormous powers that were being given to the marketing boards. To balance that power, the BC Legislature created a board, independent from government, to supervise the marketing boards and ensure the powers were not abused.

Since its inception as the British Columbia Marketing Board (BCMB) in 1934 through to its present form, the basic supervisory role of the British Columbia Farm Industry Review Board (BCFIRB) has not changed. With the defining of its powers and responsibilities by government over the years to keep pace with changes in the industry, BCFIRB continues to strive to preserve the delicate balance among competing interests within, between and without regulated sectors in order to function effectively in the public interest.

In 1998, with respect to our farm practices role, the courts similarly found that our purpose is to find “balance” between the needs of farmers and the sometimes conflicting needs of their neighbours.

On August 22, 2009, BCFIRB will mark 75 years of balancing interests in the agri-food industry. We welcome this historic opportunity to document and share our story with the public that we serve.

Chair

August, 2009
1 Regulated Marketing

Introduction

Agricultural marketing boards have a long history in Canada. They first appeared soon after World War I as centralized grain handling and marketing agencies. These early agencies were temporary, however, and not producer controlled. The first producer marketing groups were formed in British Columbia in the 1910.

While their formation can be attributed to a number of factors, the primary motivation was frustration over unstable farm prices. Initially, Canadian farmers developed voluntary producer cooperatives to deal with processor and distributor dictated prices. By collectively controlling the sale of their products to buyers, farmers attempted to achieve price stability at the farm gate.

Early cooperatives experienced mixed success in achieving this goal, primarily because of a lack of unanimity among producers and a lack of enabling national and provincial legislation. Faced with the spotty success of farm cooperatives, many Canadian farmers determined that the next logical step in their attempts to achieve price stability was the establishment of mandatory, centralized marketing through producer-governed agricultural marketing boards.

The establishment of these government sanctioned agricultural marketing boards in Canada was an historic accomplishment. A brief history of that achievement is fundamental to understanding the rationale and mandate for the British Columbia Farm Industry Review Board (BCFIRB) and why good, principled governance and strategic thinking – on its part as well as the marketing boards – is essential to the continued relevance of the regulated marketing system.

Agriculture in Canada before the 1930’s

The National Policy: A tool for economic development

According to historians, the beginning of the agricultural movement which eventually led to the formation of agricultural marketing boards can be directly related to the policies of Sir John A. MacDonald, first Prime Minister of Canada. The “National
“Policy” first developed by MacDonald in 1878 was not specifically an agriculture policy, but was a nationalistic policy intended to broaden the Canadian economy.

The National Policy originally focused on creating protectionist tariffs between the US and Canada to assist Canadian manufacturers. However, as it gained public support over the ensuing years, federal politicians began to associate the National Policy with larger country-wide development policies. The encouragement of agricultural development, especially on the Canadian Prairies, was seen as a key component of the National Policy.

Agricultural development of the Prairies went hand-in-hand with the building of the Canadian Pacific Railway and the *Dominion Lands Act*, which were intended to protect the manufacturing sector by providing increased settlement on the prairies, profitable railway traffic, as well as new markets and areas for the investment of Eastern Canadian capital. Government assistance was extended to agriculture with the expectation that agricultural development would provide significant benefits to the dominant economic interests in the country.

The fundamental focus of the National Policy and other national farm policies at the turn of the twentieth century was based on the importance of agricultural development to the national economic priorities: trade, investment, and railway construction. National agricultural policy was not about the well-being of farmers.

This approach eventually led to widespread discontent and helped to create grassroots agricultural movements. Farmers ultimately took control of their economic welfare through the formation of cooperatives and marketing boards.

**Rift emerges between farmers and government**

By 1920, railways were substantially complete and the national government was no longer promoting and assisting Prairie development. The National Policy was seen to be near the end of its usefulness in this undertaking.

At this time a major rift between agriculture and the federal government became apparent. The rift, which was somewhat forestalled by the First World War, arose from conditions created by the National Policy. Historian Vernon Fowke, in his book *National Policy and the Wheat Economy*, captures the conditions:
The economic philosophy which underlay the national policy, at least until the end of the first major period of achievement in 1930, rationalized governmental enterprise and assistance of a developmental nature, government activity of a regulatory nature, and state-financed research in the field of production, but little more. Production and marketing, it was taken for granted, ought normally to be guided by the search for profit within the system of free enterprise.

By the 1920s the mainly agrarian population of the West was producing large amounts of grain and other agricultural commodities, well beyond the needs of the Eastern Canadian market. In addition, there was a limited number of buyers for the commodities produced, giving farmers little control over the prices they received.

“Competitive inferiority”

A small number of buyers and high levels of production created a situation agricultural economists labeled “competitive inferiority”. This term described a situation where the large number of independent farmers on the Prairies could not reduce competition among themselves while being obliged to sell to a small number of buyers who held a virtual monopoly on distribution and marketing channels. Farmers saw these buyers as holding them financially hostage.

The 1930s in Canada saw the formal end of the National Policy with control of Crown lands in Manitoba, Saskatchewan and Alberta moving from the federal government to the provinces.

Agriculture in BC before the 1930s

British Columbia retained control of its Crown lands when entering Confederation in 1871 and was never a part of federal development schemes associated with the National Policy. However, BC did offer land to settlers with generous terms during the period of the National Policy. By 1911, agriculture in BC was the largest employer among primary industries. Successive BC politicians viewed land settlement as the basis of prosperity and a cure for unemployment.

By 1913, the supply of land was drying up. The provincial government began to give substantial loans and other financial incentives to increase employment and improve the productivity of lands already granted. The establishment of the Land Settlement Board and many Soldier Settlement projects as well as drainage of
Sumas Lake and the irrigation of the southern Okanagan Valley were designed to both increase employment and productivity on existing land grants and to find more land for additional grants.

These policies significantly increased both the number of farmers in the province and farm production. As a result, BC farmers were soon experiencing the same “competitive inferiority” experienced by Prairie grain farmers at that time.

**1910 Cooperative Act**

During the early part of the 20th century, two BC agricultural commodity groups were especially affected by changing conditions: dairy farmers in the Fraser Valley and orchardists in the Okanagan. Both groups were driven to revise the way their products were marketed and began to champion plans that came to be variously labeled as “stabilization”, “orderly marketing” or “market control”.

Recognizing the difficulties faced by milk, fruit, and other producers in the province, the provincial government introduced the *Cooperative Act* in 1910. This Act allowed for the voluntary association of agricultural commodity producers in the province as a way to provide some stability to farm-gate prices. Producers in both milk and fruit industries in BC formed such associations. However, when the associations failed to improve pricing conditions, farmers in both industries pushed for regulation through marketing legislation.

**Dairy**

By 1900, milk production was spread throughout BC, with many herds located in the greater Vancouver area. Dairy farmers in Ladner and Delta were able to serve the growing local Vancouver and New Westminster fluid markets by horse and wagon.

However, with the completion of the BC Electric Railway in 1910, milk from as far away as Chilliwack could be made available to Vancouver distributors within only a few hours. The Vancouver distributors took advantage of this situation to bargain down milk prices. According to dairy farmer, William Wardrop1:

> The dairies would shut off a milk shipper on a day’s notice. If you went in to enquire about a market for your milk, if they did not like

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you, they would just say, ‘We don’t want your milk.’ And before you were out of the door, they would pick up the phone and tell the other dairies not to take your milk.

This instability led to the formation of a cooperative, the Fraser Valley Milk Producers Association (FVMPA) in 1913. By working together, dairymen hoped to control the price to distributors and thus ensure predictable and profitable income to their members.

Unfortunately, the cooperative did not have control of all production in the Fraser Valley as only 90% of milk producers in the region were members. Price pressure from the other 10% of producers meant that price competition continued, eventually creating what was termed the ‘milk wars’ between cooperative members and ‘independents’. This led a large number of disillusioned dairymen to the conviction that it was necessary for the provincial government to mandate compulsory farm-gate pricing for milk.

**Fruit**

In a somewhat parallel experience to dairy producers in the Fraser Valley, orchardists in the Okanagan also came to embrace the concept of orderly marketing.

Over the first two decades of the 20\textsuperscript{th} century, BC government policies created a situation where there were large numbers of orchardists in the Okanagan producing ever increasing volumes of fruit. The growing levels of production occurred at the same time the federal government stopped sponsoring immigration to the Canadian prairies. As a result, the natural market for Okanagan fruit on the prairies reached a ceiling just when orchards were maturing and continuously producing greater amounts of product. This dramatically lowered prices for fruit - if it could be sold at all.

The very large Okanagan fruit crop of 1922 had to compete with large crops in the US. Growers received invoices for losses and shipping charges that exceeded their returns on crops that year. In order to prevent another disastrous financial result the following year, the fruit growers mobilized to form a marketing cooperative named the Associated Growers of British Columbia Limited. “The Associated”, as it came to be known, managed to sign up members representing 80% of the fruit produced in the Okanagan. This was considered the minimum necessary to control the market.

However, the crop of 1923 exceeded the yield of the previous year by 100,000 boxes. This, combined with the price pressure from the
20% not committed to The Associated, was sufficient to dramatically reduce forecast returns. Because of this, growers began leaving the marketing cooperative, and by 1933 only 40% of the Okanagan crop was handled by The Associated.

As with the dairy producers in the Fraser Valley, voluntary cooperation had failed fruit growers. Concerned orchardists came to believe that some outside force was required to compel the orderly marketing of their fruit.

1927 Produce Marketing Act

In 1927, the clamor in both the fruit and dairy industries had become so strident that the BC Fruit Growers Association and the BC Dairymen’s Association independently petitioned the provincial government to enact marketing legislation. These petitions arrived on the desk of E.D. Barrow, provincial Minister of Agriculture at the time.

Before entering politics, Barrow had been a dairy farmer who had also been instrumental in founding the Fraser Valley Milk Producers Association. He was therefore very familiar with problems in the dairy industry and quickly understood the parallels with the Okanagan fruit industry.

In 1927, Barrow addressed the concerns of dairy farmers and orchardists with the British Columbia Produce Marketing Act. The Produce Marketing Act gave control of grading, packing, shipping and marketing of designated agricultural commodities to producers of a given product, providing that 75% of them agreed to the regulation of that product under the Act.

"Power without responsibility"

It was Barrow’s intent to include milk in the legislation but he had to withdraw it from the bill when the government was confronted with active opposition from some dairy processors, their aligned dairy farmers, and other provincial politicians who vigorously objected to the inclusion of milk in what they viewed as unconstitutional legislation.

The views of this group were voiced by Premier John Oliver when he said:

First of all, there is coercion in the Bill; second, there is power without responsibility; third, there is power to inflict very large damage upon
an element of the population without any provision being made for compensation.

The *Produce Marketing Act* was a pivotal point in the history of regulated marketing in BC and in Canada. The duly elected government of BC, representing the citizens of the province, passed legislation that intervened in what had previously been viewed as fundamentally a marketing issue and therefore, not the realm of government.

Legislatively, it has been a rocky road since 1927, but this approach has prevailed and orderly marketing legislation is now an accepted aspect of agricultural commodity marketing across Canada today.

**Challenges to the *Produce Marketing Act***

The controversy regarding the *Produce Marketing Act* eventually found its way into court in a series of constitutional challenges.

The first major appeal argued that the Act was invalid because it was an attempt to regulate trade and commerce, an area the Constitution assigns to the federal Parliament. In 1929, the BC Court of Appeal upheld the *Produce Marketing Act* on the basis that it dealt with property and civil rights, which were matters of provincial jurisdiction.

A fruit grower from Grand Forks again attacked the Act in 1930. He argued that levies imposed by commissions acting under the Act were indirect taxes, which could only be imposed by the federal government. The BC Court of Appeal again ruled against this argument, saying that the levies were only for the cost of operation and to provide services – not to increase government coffers.

In 1931 these cases were appealed to the Supreme Court of Canada. The Supreme Court overturned both BC Court of Appeal decisions on two counts. First, it ruled that the Act tried to assume control over shipments beyond provincial borders and was thus *ultra vires* or outside the province’s jurisdiction. Second, it ruled that the levies imposed by the commissions raised the price of produce...
outside the province imposing them and therefore were indirect
taxes.²

This decision left farmers in BC with no marketing legislation. In
effect, by 1931, they were back to precisely the same economic
pressures they had experienced before 1927. While the Fraser Valley Milk Producers
Association and The Associated Growers of BC Ltd. cooperatives had remained active
during the period of the Produce Marketing
Act, they were not providing producers with the
stability they required.

Orchardists in particular were severely affected when voluntary
efforts to manage production and marketing were not successful.
By 1931, almost 90% of production had become affiliated with producer cooperatives, but 10% was in the hands of independents.
The independents put all their fruit on the market as soon as it was
ready and the premium price for early fruit was therefore depressed
for all industry participants. Once again there was a financial crisis
in the BC fruit industry.

In the years immediately following 1931, disastrous producer
prices continued to be the norm – and farmers were not quiet on
this issue. Acts of intimidation were
commonplace as producers verged on
becoming militant. Farm strikes became an
issue and in the Okanagan “A Cent a Pound or
on the Ground!” became a rallying cry for
orchardists.

In the Fraser Valley, cooperative members in
large numbers were marching on independent
dairy farmers’ homes with the intent of intimidating them. Dairy
cooperative members in the Fraser Valley also intercepted a truck
load of milk from independent farms and forced it to go to a
cooperative dairy. De-stabilized farm gate prices fueled this
activity which continued unabated until 1934.

² Lawson v. Interior Tree Fruit and Vegetable Committee of Direction, [1931] S.C.R. 357. Note that the
“indirect tax” ruling of the SCC in Lawson was essentially reversed by the Privy Council in 1938. These
cases were part of a lengthy series of complex constitutional judgments dealing with federal and provincial
jurisdiction over agricultural products marketing, culminating in the Reference re: Agricultural Products
Marketing Act, 1970 (Canada), [1978] 2 S.C.R. 1198, the extensive “Bari Cheese” litigation in British
Columbia, and the Supreme Court of Canada’s judgment in Fédération des producteurs de volailles du
Canada: 1930s

As well as the militant activities at the farm level, there continued to be a strong lobbying campaign to get the federal government to bring in legislation that resembled the BC Produce Marketing Act of 1927. There was now considerable interest in agricultural marketing legislation at the federal level.

This was the time of the Great Depression and even the traditional opponents of agricultural marketing legislation were unable to operate profitably. Along with the economic hard times came considerable national suffering and introspection. Prime Minister R.B. Bennett’s ‘New Deal’ was in the wings. The creation and enactment of the federal Natural Products Marketing Act was one outcome of the nation-wide introspective process.

The dairy farmers and orchardists of BC can take credit for the federal Natural Products Marketing Act. Grote Stirling, MP for the constituency of Yale\(^3\) is considered the father of the bill. He described the fundamental principle of the bill as:

> The producer should have in his own hand the power of conducting the marketing of his produce in an orderly fashion and this cannot be done until there is a majority rule of the minority.

Parliament passed the Bill into law on July 3, 1934, and established the Dominion Marketing Board of 1935. The BC legislature had already passed enabling legislation so it would immediately be operative. Okanagan fruit growers had the first commodity scheme approved, coming into effect on August 28, 1934.

In spite of its quick passage, there was considerable opposition to the bill in the country. W. L. Mackenzie King, the leader of the opposition at the time, denounced the principle of:

> ...creating monopolies of producers in particular occupations, special groups controlling production and sale of different classes of products and commodities.

The Opposition did not have the numbers to defeat the bill but once again, as had BC Premier Oliver in 1927, a political leader of significant stature was voicing a fundamental concern held by

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\(^3\) At that time the Yale constituency included the northern part of the Okanagan Valley.
many members of the public regarding agricultural marketing legislation.

Collective bargaining to overcome competitive inferiority had now become government policy. Legislative authority was given to what some referred to as ‘state-sponsored marketing monopolies’ for agricultural marketing.

In 1936, the Supreme Court of Canada reviewed the national legislation and determined that the Dominion Marketing Board had ventured too far into matters of local trade.\(^4\) The House of Commons repealed the *Natural Products Marketing Act* in the spring of 1937.

### British Columbia: 1930s - 1970s

In anticipation of the Supreme Court decision, in 1934 the BC government passed the *Natural Products Marketing (BC) Act (NPMA)*, thus allowing marketing boards to regulate local trade under provincially legislated authority. Marketing boards were now empowered to manage the efficient marketing of agricultural products without destructive competition, and to ensure a fair return to farmers. It was a new world with a new economic order for farmers who were granted wide-ranging control of their production and marketing efforts.

Governments were cautious however. The concerns of John Oliver and William Lyon Mackenzie King still echoed in the halls of government and among the population as a whole. Heeding these concerns, in 1934 the Government established a separate and independent body to supervise the commodity boards and act as a counter-balance to their wide-ranging powers. The supervisory body was named the British Columbia Marketing Board (BCMB)\(^5\).

### British Columbia Marketing Board (BCMB)

The BCMB, which would later become the British Columbia Farm Industry Review Board (BCFIRB) in 2003, was one of the first administrative tribunals established in the province. The BCMB’s

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\(^5\) According to the 1934 BCMB annual report, the BCMB had in its first year recommended that four commodity boards be set up for tree-fruits, milk, beef and sheep.
purpose then, as it is now, was to ensure that the boards acted within their powers and made fair decisions – both as a matter of process and of sound marketing policy.

The government also gave the BCMB the authority to “have a general supervision over the operations of all marketing boards constituted or authorized under this Act….” The legislation was intended to ensure that the BCMB played a key supervisory role ensuring that marketing boards, which were exclusively producer-controlled, engaged in proper governance and conducted themselves in accordance with the purposes of the legislation.

Dairy: A different story

Milk was included under neither the Produce Marketing Act in 1927 nor the NPMA in 1934. After years of legal skirmishes related to the marketing of milk, followed by a period of relative calm in the industry during the Second World War, the Provincial Milk Board was created in 1946 under the Public Utilities Act to take control of producer and consumer pricing.

By 1948, with wartime demand curbed, increasing surpluses meant the renewal of the old ‘Milk Wars’ between independent producers and distributors and the Fraser Valley Milk Producers Association. During these years, the Milk Board’s ability to manage the growing surplus was undermined by a series of legal challenges and open defiance in the industry on pricing issues.

In 1954, the Honourable J.V. Clyne, a judge of the Supreme Court of British Columbia, was asked by the province to oversee a royal commission on milk in BC – later known as “The Clyne Commission”⁶. Following an exhaustive review of the industry, Clyne proposed consolidating all legislation pertaining to the production, processing, and distribution of milk and milk products under a single statute, the Milk Industry Act. The British Columbia Milk Board was created under this Act in 1956. It was not until 1989 that the British Columbia Milk Marketing Board (BCMMB) was constituted under the NPMA.

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Canada: 1940s to today

1949 Agricultural Products Marketing Act (APMA)

In 1949, the *Agricultural Products Marketing Act (APMA)* was passed, setting the foundation for today’s national supply management system. The Act delegated power to provincial marketing boards and commissions to regulate marketing of certain agricultural products and to set and use levies in relation to inter-provincial and export trade for their provinces.

**What is supply management?**

Supply management in Canada regulates dairy, egg, turkey, chicken and broiler hatching egg production to ensure a balance between supply and demand. This system ensures fair returns to efficient farmers and guarantees a steady supply for processors and consumers at reasonable prices.

The amount of each supply-managed commodity produced in Canada is controlled through a quota system. Commercial-scale producers must hold quota which gives them the right to produce specified amounts of a commodity and sell it to processors at a set price.

Federal agencies allocate quota to the provinces based on requirements in the marketplace. The provincial marketing boards then balance the supply and demand of their commodity in each province.

Tariffs on imports limit the amount of foreign products entering the Canadian supply managed market. Under supply management, Canadian farmers produce just enough of their product to meet the domestic requirements.

The boards’ jurisdiction ended at provincial borders; however, farm products crossed from province to province, undermining the management of supply in each province. In the 1960s, various provinces responded to this unfavorable situation by banning products from other provinces in order to protect their own producers. At the same time, increasing local prices stimulated demand for lower cost American imports.

1972 Farm Products Agencies Act (FPAA)

To address these challenges, the federal government passed the *Farm Products Agencies Act (FPAA)* in 1972, which enables producer groups to set up national marketing agencies. The *FPAA* also founded the National Farm Products Council (NFPC) to supervise the national marketing agencies. The *Canadian Dairy*
Commission Act had already been passed in 1966, bringing in the national supply management system for dairy.

The agencies were assigned authority to implement and administer national marketing plans and the allocation of quota under federal-provincial agreements. Dairy became the first commodity in Canada to operate a national supply management system in the early 1970s, and was soon followed by eggs, turkey, chickens and broiler hatching eggs.

**National marketing agencies**

Chicken Farmers of Canada (CFC) (1979)
Egg Farmers of Canada (EFC) (1978)*
Turkey Farmers of Canada (TFC) (1974)**
Canadian Hatching Egg Producers (CHEP) (1986)***
Canadian Milk Supply Management Committee (CMSMC)****

*EFC changed their name from the Canadian Egg Marketing Agency (CEMA) in 2008
**TFC changed their name from the Canadian Turkey Marketing Agency (CTMA) in 2009
*** CHEP changed their name from the Canadian Broiler Hatching Egg Marketing Agency (CBHEMA) in 2007
**** Though not a national marketing agency, the CMSMC, chaired by the Canadian Dairy Commission (CDC), plays a similar role to the other national marketing agencies in the supply management of industrial milk. Each year, the CMSMC sets the national industrial milk production target or Market Sharing Quota (MSQ) and applies the terms of the National Milk Marketing Plan to establish the provincial shares of the MSQ.

**1997 National Association of Agri-Food Supervisory Agencies (NAASA)**

By the 1990s, it became evident there was a need for improved communication between government signatories to the federal-provincial agreements. In the mid-1990s, several provincial supervisory agencies collaborated with NFPC on developing a proposal to form an association for networking with each other and with other industry stakeholders.

The proposal resulted in the establishment of the National Association of Agri-food Supervisory Agencies (NAASA) in October of 1997. NAASA continues to meet twice a year or as required and is comprised of the NFPC, all provincial/territorial supervisory agencies and, as of 2007, the Canadian Dairy Commission.
### Key events in federal agricultural marketing legislation

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<thead>
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<th>Year</th>
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<tbody>
<tr>
<td>1934</td>
<td>Natural Products Marketing Act (NPMA) passed into law</td>
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<td>1935</td>
<td>Dominion Marketing Board established</td>
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<td>1936</td>
<td>Supreme Court of Canada pronounces the Dominion Marketing Board <em>ultra vires</em></td>
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<td>1937</td>
<td>House of Commons repeals the NPMA</td>
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<td>1939</td>
<td>Agricultural Products Marketing Act (APMA) passed</td>
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<td>1946</td>
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<td>1972</td>
<td>Farm Products Agencies Act (FPAA) passed</td>
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<td></td>
<td>National Farm Products Council (NFPC) established</td>
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### British Columbia: 1970s to today

Initially, since the few existing marketing boards regulated themselves, the BC Marketing Board’s (BCMB) role was slight. To this end, in 1974, the Minister of Agriculture described the BCMB’s role up to that point as at times being “*almost meaningless*”\(^7\). However, as the marketing boards grew both in number and in power, so did the need for increased supervision.\(^8\)

Most BC marketing boards – and all of those which are still in existence today – were established in the 1960’s and 1980’s, with national supply-management systems being set up for some commodities in the 1970’s. In 1974, the *NPMA* was overhauled to confer additional powers on the BCMB, enabling it to respond to these important structural changes in the agriculture sector.

#### 1974 *NPMA* Amendments

The new changes gave BCMB specific authority to amend or cancel orders of a commodity board. Further, the BCMB’s supervisory power, which previously rested in the Regulation, was now enshrined in the *NPMA*\(^9\). By placing the supervisory duty in the *NPMA* itself, it reinforced the BCMB’s ability to use its discretion to supervise as and when required.

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\(^7\) *Hansard*, November 4, 1974, p. 4389.


\(^9\) *Natural Products Marketing Act*: S.B.C. 1974, c. 111, s. 3(4).
Appeal provisions were also created, giving aggrieved persons the right to appeal commodity board decisions. The rationale for the BCMB appeal role was described at the time as follows:

When they set up marketing boards originally, many of those marketing boards became little empires. They did things that weren’t in agreement with the people whom they were serving…. The bill here is a sort of ombudsman over all the different marketing boards, so they can appeal. […] It’s a sincere attempt to try and bring back and correct some of the things that have been done wrong in the individual marketing boards over the years….10

One does not have to subscribe to the concern about “little empires” to recognize the need for oversight within the regulated marketing system. Marketing boards are required to operate, often with limited staff, in a dynamic environment in which there is significant time pressure, work load and conflict within their industries. They face often intense pressures from stakeholders, and

10 Hansard, November 5, 1974, p. 4436
they wield enormous authority in a ‘closed shop’ environment where significant financial self-interest on the part of stakeholders is involved.

Within this context, it should not be surprising that even the most high-functioning marketing board will, from time to time, overlook important points of process, law, public policy and fairness in conducting its work. It should be even less surprising that strong minded persons who regard themselves as being adversely affected by a marketing board’s decisions will not be content to let matters rest at the marketing board level.

With the addition of its appeal role, the independent and specialized BCMB kept such disputes out of the courts. The BC Court of Appeal commented in 2002 on the BCMB’s appeals function as follows:

> The statutory regime created by [the NPMA] clearly indicates that an appeal to [the BCMB] is to be in the nature of a full hearing into the merits of the case. There is nothing in the legislation to suggest that [the BCMB] must give any or any significant deference to the decision of a commodity board.\(^\text{11}\)

**Judicial Review**

The 1974 NPMA amendments stipulated that persons dissatisfied with the BCMB appeal decision could re-appeal to a BCMB panel that did not participate in the original appeal.

Later, in 1981, the ‘re-appeal’ provision was replaced with an appeal to the BC Supreme Court on a question of law; and in 1982, the legislation was amended again to require leave to appeal to the BC Court of Appeal. In 2004, the automatic right to appeal was replaced with the option of applying to the courts for judicial review.

The scope of judicial review is limited to determining whether or not in its decisions BCFIRB followed due process and made the correct decision according to the law. The merits of BCFIRB policy decisions are not amenable to review. In 1999, the BC Supreme Court commented on the scope of judicial review with regard to the regulated marketing sector:

> There are economic, social, political and, perhaps, moral and philosophical issues underlying the function of all marketing

boards. They have long been debated. They – like the meaning of life – are not questions for the court. They are for the legislature.\textsuperscript{12}

**1979 Select Standing Committee on Agriculture**

Between 1977 and 1979, a Select Standing Committee on Agriculture conducted an extensive review for the BC Legislature of the entire food system in BC. The review was organized around three areas: Agricultural Land; Producer Costs and Marketing Boards; and Processing, Wholesaling and Retailing. Commenting on the future role of the BCMB, the report reads:

It is difficult to see that any benefit could be derived, either by the commodity boards themselves, or by the government, from the total elimination of the BC Marketing Board. The Minister of Agriculture, by becoming the direct contact between the government and the boards, might be faced with more numerous and varied problems than confront him at present.

The re-structured BC Marketing Board of 1974 was created to relieve the Minister from dealing with issues not warranting his attention, and a return to pre-1974 conditions appears to be regressive. In the eyes of the consuming public, the Ministry of Agriculture is not considered to be a suitable vehicle for handling commodity board disputes or complaints. The public tend to equate “agriculture” with “producer” or “farmer”, and immediately interpret any action by the Ministry as being biased in favour of farmers.

The 1979 Select Standing Committee Report made several recommendations:

- That BCMB be more active in its supervision of commodity boards;
- That BCMB’s name be changed to “BC Agriculture Marketing Council” to avoid confusion with marketing boards and “distinguish its role as protector of the public interest”;
- That more specificity be provided around the BCMB’s supervisory role; and
- That BCMB’s independence from what was then the Ministry of Agriculture be underlined by moving its offices outside of the Ministry.\textsuperscript{13}

**1990 Buckley Report**

In 1990, an external consultant, Clair Buckley, was commissioned to report on the BCMB’s role and function. Buckley’s review,

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\textsuperscript{12} Truong Mushroom Farm Ltd. V. British Columbia (Mushroom Marketing Board), [1999] B.C.J. No. 1079 (S.C.).
\textsuperscript{13} Select Standing Committee Report on the BCMB, 1979, pp.81-85.
which noted that the BCMB’s appeal function had grown in recent years, resulted in two main recommendations:

- That the *NPMA* include specific objectives for the BCMB; and
- That BCMB’s independence be reinforced and that the role of the Ministry vis-à-vis the board be more clearly defined\(^\text{14}\).

**2001/02 Core Services Review**

The BCMB was the subject of another extensive review in 2001/02. The government’s Core Services Review recognized that accountability on the part of marketing boards and their supervision are compelling government interests.

**A “delicate balance”**

In 2002, the BC Supreme Court described the BCMB and the role of its members in these words:

> The [BCMB] is a specialized administrative tribunal given wide discretionary powers to carry out its mandate and the policy of the Act... [T]he Legislature clearly intended the members of the [BCMB] to have significant knowledge and experience in the complex realm of regulated marketing. The members of the [BCMB] are required to be aware of the intricacies of the subject area, the economic principles that lie at the core of regulated marketing, and the delicate balance that must be preserved among competing interests within and between commodity sectors in order to function effectively in the public interest\(^\text{15}\).

**Defining the BCMB’s supervisory role**

In 2003, the BC Supreme Court articulated the supervisory role of the BCMB as follows:

> By definition, a “supervisor” is one having authority over others.... In this case the BCMB has general supervision over all marketing boards or commissions constituted under the Act and, in my view, sections 11(1) and 11(2) of the Act clearly illustrate the legislature’s intent that the Marketing Board is to be the ultimate decision maker in this area, and that it be a pro-active, rather than a passive, regulatory body.

> I find that, in addition to the authority to amend, vary or cancel orders or rulings made by subordinate marketing boards or commissions, that general supervisory authority gives it the power,


\(^\text{15}\) Ponich Poultry Farm Ltd. *V. British Columbia Marketing Board*, 2002, BCSC 1369, Vickers J.
where it deems appropriate, to give policy directions to those marketing boards or commissions in order to ensure that they take the action that the BCMB, as their supervisor, considers necessary and in the public interest.16

**2003 amalgamation of the BC Farm Industry Review Board (BCFIRB)**

Connected to the Core Services Review in 2001/02, was the government’s Administrative Justice Project (AJP) – the first comprehensive review of BC’s administrative justice system. This reform initiative was undertaken to address the confusing diversity of tribunal powers, authorities and processes that had evolved across BC’s administrative justice system.

One of the outcomes of the AJP was the formal amalgamation the BCMB and the Farm Practices Board (FPB), whose members included all members of the BCMB, into the BC Farm Industry Review Board (BCFIRB). BCFIRB was given continued responsibility for the NPMA, the Agricultural Products Grading Act (APGA), and the Farm Practices Protection (Right to Farm) Act (FPPA).

**2004 Administrative Tribunals Act (ATA)**

Another outcome of the AJP was a new legislative framework for BC tribunals, the Administrative Tribunals Act (ATA). Put into effect in 2004, the ATA provides a comprehensive menu of powers, obligations and standards, which are selectively applied to individual tribunals through enabling legislation. The NPMA was amended at that time to incorporate model provisions from the ATA. The ATA has yet to apply generally to the FPPA, although some ATA provisions have been incorporated.

As of 2004, with the ATA, there is no longer an automatic right of appeal on BCFIRB regulated marketing decisions. However, under the Judicial Review Procedures Act, aggrieved parties may apply to the courts to have a BCFIRB decision reviewed.

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### Key events in BC agricultural marketing legislation

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1910</td>
<td>Cooperative Act passed</td>
</tr>
<tr>
<td>1927</td>
<td>British Columbia Produce Marketing Act (BCPMA) passed</td>
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<tr>
<td>1931</td>
<td>Supreme Court of Canada rules BCPMA ultra vires</td>
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<tr>
<td>1934</td>
<td>Natural Products (British Columbia) Marketing Act (NPMA) passed</td>
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<tr>
<td>1934</td>
<td>British Columbia Marketing Board (BCMB) established</td>
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<tr>
<td>1956</td>
<td>Milk Industry Act passed</td>
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<tr>
<td>1974</td>
<td>NPMA revised in response to changes in the regulated marketing sector</td>
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<tr>
<td>1974</td>
<td>BCMB’s supervisory powers upgraded</td>
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<tr>
<td>2003</td>
<td>BCMB and Farm Practices Board are amalgamated into the British Columbia Farm Industry Review Board (BCFIRB)</td>
</tr>
<tr>
<td>2004</td>
<td>Administrative Tribunals Act (ATA) passed</td>
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</table>

## 2 Farm Practices and the *Farm Practices Protection (Right to Farm) Act (FPPA)*

The Farm Practices Board (FPB) which, again, was made up largely of the same board members and staff as the BCMB, was established on April 1, 1996, under the *Farm Practices Protection (Right to Farm) Act (FPPA)*. Its role was to provide a fair, equitable and timely process to hear complaints about odour, noise, dust and other disturbances arising from farm practices, and to conduct studies and make recommendations concerning any matters related to farm practices.

The *FPPA* and the FPB were introduced as part of an overall agri-food strategy to strengthen the agriculture and aquaculture industries in BC. This strategy aimed to increase certainty for BC food producers and raise public understanding of the needs of farmers and the valuable role of farming in society.

In 2003, the FPB and the BCMB were amalgamated to become the BC Farm Industry Review Board (BCFIRB).

Increasing urban development in areas of the province that have traditionally been agricultural leads to challenges at the rural-urban interface. New residents often have concepts about what it means to live in the country which may conflict with the reality of modern farming.
The face of farming continues to change as farmers adapt their operations to remain viable in today’s market place. At the same time, people who have long resided in agricultural communities have witnessed dramatic changes in the number and scale of farms, and the technologies used by farmers. For example, agri-tourism and anaerobic digesters represent relatively new developments in BC agriculture that bring with them new challenges and benefits for farming communities to balance.

As both our population and our demand for agricultural food products continue to grow and exert pressure on rural areas, harmonious relations between farming and non-farming interests are more important, and more contentious, than ever.

The *FPPA* was designed to provide a balanced approach to resolving concerns for the increasing number of British Columbians who live near farm operations and protecting the farmers’ right to earn a living.

As described by the Supreme Court of BC in 2004:

> the very task the [FPPA] envisions [for BCFIRB is] attempting to find a balance between the needs of the farmers on the one hand and the needs of the surrounding residential neighbours on the other.17

**Determining ‘normal farm practice’**

Central to this task of finding balance is establishing whether odour, noise, dust or other disturbances from a farm results from a ‘normal farm practice’. The *FPPA* protects and supports the agriculture and aquaculture industries when farmers are following normal farm practices and protects neighbours and the public when farmers are not. The Act states:

> “normal farm practice” means a practice that is conducted by a farm business in a manner consistent with:

(a) proper and accepted customs and standards as established and followed by similar farm businesses under similar circumstances, and
(b) any standards prescribed by the Lieutenant Governor in Council,

and includes a practice that makes use of innovative technology in a manner consistent with proper advanced farm management practices and with any standards prescribed under paragraph (b).

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The principles to be applied in determining ‘normal farm practice’ have been considered by BCFIRB and by the Ontario Court of Appeal\textsuperscript{18}. They are described as follows:

- The balance between farmers and their neighbours has been established by the Act itself. Where a farmer is carrying out a practice in a manner consistent with proper and accepted customs and standards as established by similar farm businesses under similar circumstances, the complaint must be dismissed.
- Farm operations do not automatically gain protection by showing that they follow some abstract definition of industry standards. BCFIRB’s task is not to inquire into simply whether the farm practice is ‘proper’ in the abstract, but also whether it is consistent with proper and accepted customs as established and followed by similar farm businesses under similar circumstances. The inquiry is both fact and site-specific. The same practice may qualify as a normal farm practice in one situation but not in another where the circumstances are different.
- Depending on the practice under review, many relevant factors may be considered in determining normal farm practice, including proximity of the neighbours, their use of land and the degree of disturbance. It may also be relevant whether the farm operation came first.

3 BC Farm Industry Review Board (BCFIRB)

Today, the mandate of BCFIRB is set out in three statutes:

- the \textit{Natural Products Marketing (BC) Act} (the NPMA)
- the \textit{Agricultural Produce Grading Act} (the APGA)
- the \textit{Farm Practices Protection (Right to Farm) Act} (the FPPA)

The legislative intent of BCFIRB is to have a capable agency that has the knowledge and expertise to address, within its mandates, the many and sometimes related issues arising in the agri-food industry.

Under the **NPMA**: BCFIRB is responsible for the general supervision of regulated marketing boards created under that Act; hearing appeals filed by any person who is aggrieved by or dissatisfied with orders, decisions or determinations of the marketing boards; and acting as a signatory to Federal-Provincial Agreements for supply-managed commodities.

Under the **FPPA**: BCFIRB is responsible for hearing complaints from persons aggrieved by odour, noise, dust or other disturbances arising from agriculture or aquaculture operations, and may also study and report generally on farm practices in the province.

Under the **APGA**: BCFIRB may hear appeals from persons who have had their grading licenses refused, suspended, revoked or not renewed by the Minister of Agriculture and Lands.

**Supervisory role under the NPMA**

BCFIRB meets regularly with marketing boards and commissions to discuss existing and emerging issues in the administration of the marketing schemes and to examine the policies and orders of the board to ensure they demonstrate sound marketing policy.

In its supervisory role, BCFIRB may review broad issues related to the administration of a marketing scheme or the regulated marketing system, exercise authority to correct irregularities in the composition or operations of a marketing board or take action to ensure compliance with the NPMA and the marketing schemes and sound marketing policy.

**Appellate role under the NPMA**

As a quasi-judicial appeal body, BCFIRB is empowered to hear appeals from any person who is aggrieved by or dissatisfied by an order, decision or determination of a marketing board in BC\(^1\)

BCFIRB uses various forms of ADR processes to assist the parties to resolve issues by agreement. If ADR is not used or is unsuccessful, a hearing is convened. After hearing an appeal, BCFIRB may dismiss the appeal, confirm or vary the order, decision or determination being appealed, return the matter to the

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\(^1\) Using its powers under the NPMA, BCFIRB may also hear appeals under the APGA concerning grading license issues.
marketing board for reconsideration or make another order BCFIRB considers appropriate in the circumstances.

BCFIRB’s dispute resolution process provides all parties with impartial and fair resolutions to disputes. BCFIRB’s appellate role also ensures that marketing boards remain accountable in the exercise of their authority under the NPMA.

BCFIRB’ appeal and supervisory decisions are subject to judicial review and can also be reviewed by the Office of the Ombudsman, providing an additional layer of accountability in the regulated marketing system.

**Signatory role under the NPMA**

BCFIRB, the Minister and the supply managed marketing boards are the BC signatories to agreements with the Federal Minister, other provincial and territorial ministers, and supervisory and marketing boards in Canada. These federal-provincial agreements provide for the cooperative use of federal and provincial legislation in managing the production and marketing of table eggs, chicken, hatching eggs and turkey in Canada. BCFIRB is not a signatory to the federal provincial agreement in the dairy industry – the National Milk Marketing Agreement – although BCFIRB and Ministerial approval are required before the BC Milk Marketing Board may enter into federal or inter-provincial agreements.

**Complaints role under the FPPA**

In hearing farm practice complaints (see section 2), BCFIRB uses various forms of ADR processes to resolve issues by agreement. If ADR is not used or is unsuccessful, a hearing is convened. After hearing a complaint BCFIRB must dismiss the complaint if the farm operation is determined to be following normal farm practices; or order the farmer to cease or modify his or her practices if the farm operation is not following normal farm practice.

BCFIRB's farm practice decisions may only be appealed to the Supreme Court of British Columbia, and only on a question of law or jurisdiction.

**Studies role under the FPPA**

BCFIRB may, under the FPPA, conduct studies and make recommendations concerning any matter related to farm practices. These activities may be on BCFIRB’s own initiative, at the request
of a municipality, a regional district, or a trust council under the *Islands Trust Act* or at the request or direction of the Minister.

BCFIRB is composed of up to ten members appointed by the Lieutenant Governor-in-Council (LGIC). There are presently seven part-time appointees, with experience in production, marketing, law and education related to agricultural issues.

BCFIRB is accountable to government for its administrative operations, but is independent of government in its decision-making. As an independent expert tribunal, BCFIRB ensures that the public interest is served and protected within its mandate.

4 Looking Forward

Looking back on the history of the regulated marketing system, it is clear that we are now in a very changed world from what existed when the national supply management systems were established in the 1970s – even more different, of course from what existed in 1934 when the BCMB first stepped into its supervisory role.

Variation in BC from a climatic, geographic, economic and demographic perspective has resulted in more agricultural diversity here than in any other province. Meanwhile, in order to remain viable, farms in BC have undergone considerable consolidation, yielding larger farms with fewer people involved in agriculture – fewer people to truly understand the issues.

In addition, operational changes such as vertical integration across production, processing, marketing and retail sectors in the agri-food industry are becoming increasingly common. Value-chain approaches that facilitate cooperation among producers, input industries, marketing agencies, processors and retailers are becoming central to maintaining growth and profitability in the regulated sectors.

The effects of retail consolidation and changes in processing, transportation and production have been particularly evident in the Lower Mainland, leading to the regional concentration of BC’s agricultural industry. This raises issues related to environmental management and biosecurity within that region, and presents challenges for agricultural development and for servicing the demand for local food in other regions of the province.
In the Lower Mainland and in other areas of the province, new farming practices have increasingly challenged farming and non-farming members of the same communities to co-exist and find ways to respect each other’s needs. At the same time, urban development has brought residential areas into closer contact with farm operations.

Many of the current trends affecting agriculture today – environmental and population pressures, heightened food safety and biosecurity concerns, growing demand for regional and specialty products – make BCFIRB’s role an increasingly complex one.

Some of today’s issues, while expanded in scope and scale, reflect historical patterns. For example, market access issues have always played a major role in agriculture and are what gave rise to the first organized producer marketing group in BC, eventually leading to our present regulated marketing system. Today, on a much larger scale, market access issues in a changing national and international trade environment remain one of the challenges to regulated sectors in BC and across Canada.

BCFIRB is responding to today’s challenges by focusing on good, principled governance and strategic thinking in the regulated marketing system, and by supporting the boards and commissions in identifying and addressing key issues in their industries. As a leader in the BC tribunal community in using alternative dispute resolution, BCFIRB will continue working to improve its dispute resolution processes.

Looking forward, BCFIRB will continue to fulfill its mandate of protecting the public interest by responding to the increasingly complex and interconnected issues arising in the agri-food sector. By balancing competing interests within agriculture and between farmers and their neighbours, BCFIRB will strive to ensure that agriculture remains an economically vibrant and socially responsible sector in British Columbia.
BCFI RB Board and Staff

Chairs

J.E. Lane (BCMB 1942-1952)
George Okulitch (BCMB 1975-1980)
Chuck Emery (BCMB 1980-1990)
Donna Iverson (BCMB 1990-1994)
Doug Kitson (BCMB 1994-1997)
Richard Bullock (BCFIRB 2004-present)

Vice Chairs

Peter Arcus (BCMB 1978-1984)
Nigel Taylor (BCMB 1984-1987)
Mona Brun (BCMB 1987-1994)
Christine Dendy (BCMB 1994-1996)
Doug Kitson (BCMB 1997)
Sandi Ulmi (BCFIRB 2008-present)

Members

Peter Arcus (1978)
George Aylard (1987-1993)
Oscar Austring (1987-1993)
Satwinder Bains (1997-2005)
Ron Bertrand (2008-present)
Hal Black (1983-87)
Mona Brun (1980-1994)
Barbara Buchanan (2003-2006)
Christine Elsaesser/Moffat (1994-1997)
Chuck Emery (1978-1980)
Honey Forbes (2006-present)
Al Giesbrecht (N/a)
Garth Green (2004-present)
Doreen Hadland (2000-2001)
Martin Hunter (N/a)
Sue Irvine (1991-1992)
Harley Jensen (1996-2002)
Don Knoerr (1993-1996)
M.L. Mace (N/a)
Dave Merz (2006-present)
A.E. Pepin (1977-1978)
Robert Reynolds (N/a)
Dedar Sihota (1996-1998)
Nigel Taylor (N/a)
Joe Truscott (2004-2006)
Wayne Wickens (2003-2007)
Suzanne Wiltshire (2007-present)

Farm Practices Board Members

Satwinder Bains (1996-1997)
Chanchal Bal (2000-2001)
Wendy Jeske (1996-2000)
Lita Salanski (1996-2000)
Hermann Volk (1996-2000)
Allen Watson (1996-2001)

General Managers/ Secretaries

Don Rugg (N/a)
Al Helmersen (N/a)
Mac Gilchrist (N/a)
Hugh Walker (1985-1989)
Clair Buckley (1990)
David Matviw (1990-1991)
Ross Husdon, Chair and CEO (1999-2003)
Jim Collins (2003-present)

Staff

Maggie Barrett (N/a)
Raji Basi (2008-present)
Jayne Blakely (N/a)
Gloria Chojnacki (2004-present)
Jim Collins (1991-present)
Brenda Coutts (1985-2007)
Mac Culham (1987-1989)
Andy Dolberg (2008-2009)
Barbara Fumerton/Hudec (N/a)
Sandra Janssen (N/a)
Tara Mason Ward (N/a)
Lorne Mullane (2009)
Gino Nasato (2006-2009)
Sharon Oliver (1999-2008)
Marie Patterson (1991)
Nicole Peck (2009-present)
Lorie Ritchie (2006)
Sheri Sangret (1991)
Della Skinner (2008)
Melanie Sommerville (2007-present)
Lisa Stride (1995-present)
Jessica White (2008-present)
Vicki White (1998-present)
Melinda Wilkinson (N/a)
Helen Woods (1995-2008)
Rex Yuan (1996-1997)

**Legal Counsel**

Donald A. Sutton (1978)
George Copley, QC (N/a)
Monna Huscroft (N/a)
Gordon Houston (N/a)
Frank Falzon, QC (1996-present)
Robin Junger (2005-2007)
Christine Elsaesser (2007-present)
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